

# JAMES HALSTEAD PLC

## REMUNERATION COMMITTEE TERMS OF REFERENCE

### 1. CONSTITUTION

1.1 This Committee of the board of directors of the Company (the “**Board**”) has been established under Article 29.2 of the Company’s Articles of Association as the Remuneration Committee (the “**Committee**”). In these terms of reference, the “**Group**” refers to James Halstead PLC and its subsidiaries. The Terms of Reference for the Committee outlined below are defined by the Board and may be amended by the Board at any time.

### 2. MEMBERSHIP

2.1 The members of the Committee shall be appointed by the Board, after consultation with the Chair of the Remuneration Committee and shall consist of no fewer than two members.

2.2 All members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement. Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.

2.3 The Chair of the Committee shall be appointed by the Board and who shall be an independent non-executive director of the Company. The Chairman of the Board shall not be the Chairman of the Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members shall elect one non-executive member present to chair the meeting.

2.4 Only members of the Committee shall have the right to attend its meetings. However, other individuals, such as the Group Chief Executive, the Group Finance Director, head of Human Resources or any other members of staff or external advisors, may be invited to attend all or part of the meeting the Committee deem appropriate.

### 3. SECRETARY

3.1 The Company Secretary or his or her nominee will be the Secretary of the Committee. Alternatively, the Committee can agree to appoint one of the Committee members to act as Secretary for the meeting.

### 4. QUORUM

4.1 The quorum for a meeting of the Committee shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### 5. FREQUENCY OF MEETINGS

5.1 The Committee will hold a minimum of at least one meeting a year and at other times as the Chair of the Committee shall require.

### 6. NOTICE OF MEETINGS

6.1 Meetings of the Committee shall be called by the Company Secretary at the request of the Chair of the Committee.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Committee, any other person required to attend and all other non-executive directors no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time. Meetings may be held telephonically or by any other such digital or electronic medium as agreed by members.

## **7. MINUTES OF MEETINGS**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 Draft minutes of the meeting shall be agreed with the Chairman of the Committee prior to being circulated to all members of the Committee, and once agreed, to all members of the Board.
- 7.4 The recommendations of the Committee minutes must be approved by the Board before they can be implemented

## **8. ANNUAL GENERAL MEETING**

- 8.1 The Chair of the Committee shall attend the annual general meeting of the Company and be available to respond to any shareholder questions on the Committee's activities.

## **9. DUTIES**

The Committee shall:

- 9.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, the Chairman of the Company, the Company's executive directors, and such other members of senior management as it is designated to consider (together the "Relevant Individuals"). The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No Relevant Individual shall be involved in any decision as to their own remuneration;
- 9.2 in determining such policy, it should give due consideration to all factors which it deems necessary. The objective of such policy shall be to ensure that Relevant Individuals are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 9.3 review the ongoing appropriateness and relevance of the remuneration policy;
- 9.4 within the terms of the agreed policy, determine the total individual remuneration package for Relevant Individuals including, where appropriate, bonuses, share options, pension arrangements and incentive payments, with consideration to the position of the Company relative to the remuneration packages other comparable companies with caution, taking into account relative performance;
- 9.5 approve the design of and determine targets for any performance-related pay schemes operated by the Company for Relevant Individuals and approve the total annual payments made under such schemes;
- 9.6 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to Relevant Individuals and the performance targets to be used;
- 9.7 review the policy for and scope of any pension arrangements for executive directors and management;
- 9.8 to approve the terms of any service agreement to be entered into with any Relevant Individual;
- 9.9 ensure that contractual terms on termination, and any payments made, are fair to the Relevant Individual and the Company and that failure is not rewarded and the duty to mitigate loss is fully recognised;
- 9.10 give due regard to any relevant legal requirements, the provisions and recommendations; in the Combined Code on Corporate Governance ("Combined Code"); as issued by the Quoted

Companies Alliance ("QCA"); the AIM Rules for Companies issued by London Stock Exchange plc and associated guidance and any other applicable rules, in each case as applicable to, or appropriate for, the Company;

- 9.11 vet, authorise and agree the policy for authorising claims for expenses from the directors;
- 9.12 oversee any major changes in the policy or employee benefits structures throughout the Group and
- 9.13 review and note annually the remuneration trends across the Company or Group.

## **10. REPORTING PROCEDURES**

- 10.1 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report. It will ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Companies Act 2006 and any other applicable legislation are fulfilled.

## **11. AUTHORITY**

The committee is authorised by the Board:

- 11.1 to obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It may commission any reports or surveys which it deems necessary to help it fulfil its obligations. Such costs will be preapproved and monitored by the Board and
- 11.2 to investigate and undertake any activity within its terms of reference. It is authorised to seek any information it properly requires from any employee of the Company in order to perform its duties and to call any member of staff to be questioned at a meeting of the Committee when requested to do so.

## **12. OTHER MATTERS**

- 12.1 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 12.2 The Committee shall, at least once a year, review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 12.3 Any of the terms set out in this document may be varied by a majority resolution of the Board

*As reviewed and adopted by the Board on 29 September 2020*